3 Canadian Dividend Stocks That Could Double by 2023

Description

Canadian dividend stocks have largely been the stars of 2022. In fact, the **S&P/TSX Composite High Dividend Index** has outperformed the **S&P/TSX Composite Index** by more than 11 percentage points.

While this segment is starting to get pricey, there are still some great dividend stocks that reflect attractive opportunities. If you don’t mind being a bit contrarian, here are three Canadian dividend stocks that could double by this time next year.

ARC Resources: Upside from stock buybacks and a growing dividend

With inflation soaring, Canadian energy stocks deserve a place in your portfolio. Oil and gas prices are trading near multi-year highs, and energy stocks are gushing significant amounts of cash. **ARC Resources** (TSX:ARX) is very well positioned as a large natural gas, NGL, and condensate producer in Western Canada.

This dividend stock only yields 2.4% today. However, the company is planning to return 50-80% of its excess discretionary cash back to shareholders this year. That will likely come in the form of a substantial dividend increase, special dividends, and/or share buybacks.

Despite an improved outlook, ARC trades at a discount to its peers and its historical average. If oil prices remain elevated in the +US$90 range, ARC could see further upside in its stock price. For the combination of value and potential special cash returns, this is a great dividend stock to hold today.

Sylogist: An undervalued tech stock with an outsized dividend

After a 31% decline in its share price in 2022, **Sylogist** (TSX:SYZ) looks like a pretty attractive dividend stock. This tech stock provides enterprise resource planning software for government, education, and non-for-profit organizations. These are very sticky customers and Sylogist captures reliable and predictable revenues.

This stock generates a lot of excess cash, which helps fund its quarterly $0.125 per share dividend. At $8.89 per share, it trades with an attractive 5.6% dividend yield. Its stock is trading near the lows of the 2020 pandemic crash.

Yet after a recent turnaround strategy, this business is in good condition. Investors get an attractive dividend and the potential to double their money if management can achieve its long-term growth targets.

Calian Group: The right place at the right time

Calian Group (TSX:CGY) is operating in the right place at the right time. This $750 million company operates segments in healthcare, training, cybersecurity, and specialized hardware technologies. Some of its significant customers include the Canadian Defense Department, NATO, and the European Space Agency.

Considering the events that are transpiring in Ukraine, spending on defence training and technology is only going to increase. Calian is an entrenched contractor in the defence segment, so it is primed to benefit from this trend. However, it has also expanded into various other business applications. Combined, these elements should support strong organic growth.

Even after rising 10% this year, Calian is relatively cheap at 10 times EBITDA and 16 times earnings. Likewise, it pays a decent 1.65% dividend yield. It is expected to have a strong year in 2022. If its financial and operational momentum continue, this dividend stock could quickly double over the next few years.

CATEGORY

1. Dividend Stocks
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2. TSX:CGY (Calian Group Ltd.)
3. TSX:SYZ (Sylogist Ltd.)

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